APPENDIX A

[Last page of Def. Ex. 35, admitted R. 392, containing discount table on purchase of used machinery outstanding on Form A Leases. Referred to at p. 18 of foregoing brief.]

METHOD OF COMPUTING PURCHASE PRICES OF SHOE MACHINES OUTSTANDING ON FORM A LEASE OR REQUEST FOR LOAN OF MACHINES ON DECEMBER 31, 1954

The purchase price is determined by multiplying the sale price of the machine, less initial payment if any, by the percentage factor applicable to the age of the machine.

The machine age will be figured from the original shipping date.

The sale prices and initial payments are those set forth in the schedule of shoe machinery lease terms and sale prices effective January 1, 1955, referred to in our letter of November 27, 1954.

Machine Age (Years)	*Percentage Factor*	*Machine Age (Years)*	*Percentage Factor*
Less than 1	*(See below)		
1 but less than 2	82.4%	17 but less than 18	31.4%
2 " " " 3	78.1	18 " " " 19	29.6
3 " " " 4	73.8	19 " " " 20	27.8
4 " " " 5	69.7	20 " " " 21	26.2
5 " " " 6	65.7	21 " " " 22	24.8
6 " " " 7	62.0	22 " " " 23	23.3
7 " " " 8	58.5	23 " " " 24	22.0
8 " " " 9	55.1	24 " " " 25	20.7
9 " " " 10	51.9	25 " " " 26	19.8
10 " " " 11	48.8	26 " " " 27	18.8
11 " " " 12	45.9	27 " " " 28	17.9
12 " " " 13	43.0	28 " " " 29	17.2
13 " " " 14	40.4	29 " " " 30	16.6
14 " " " 15	38.1	30 " " " 31	16.0
15 " " " 16	35.8	31 " " " 32	15.5
16 " " " 17	33.4	32 and older	15.0

*Subsequent to May 17, 1955 there will be no machine less than 1 year old outstanding on Form A lease. Purchase price for machines that are less than 1 year old held on Request For Loan of Machines executed on or after May 17, 1954 is the full sale price of the machine less any initial payment already paid.

APPENDIX B

[Testimony of Charles H. Jones, Jr. December 3 1962, referred to at p. 21 of foregoing brief.]

Q. Did you participate in discussions which the Committee had with United Shoe Machinery Corporation in 1950? A. Yes, I did.

Q. Were you then chairman of the Committee? A. That is right, I was.

Q. I show you a document which has been marked in this case as Plaintiff's Exhibit 24 in evidence, Mr. Jones, which is a memorandum to the Technical Committee from W. W. Stephenson, dated August 29, 1950, and it has a six-page memorandum with your name typed thereon at the end attached to the communication.

Have you ever seen that before? A. Yes, I have.

Q. Did you see it about the date that it bears? A. Did I see it about that time?

Q. Yes. A. Yes.

Q. In the attached document, at pages 4 and 5, do you note six numbered paragraphs which the document states the Committee will take up with United Shoe Machinery Corporation? A. Yes.

Q. Do you see that the second paragraph deals with—if I may look at it again, to paraphrase it more accurately—deals with a consultation that will be held with United and industry representatives with a view to selecting certain machines now offered on a lease basis only and establishing such machines on a basis of optional lease or outright purchase?

Do you recollect that point having been discussed in the Technical Committee? A. Yes.

Q. By the way, I see on the first page the name of Mr. L. B. Sheppard. He was a member of the Committee, was he? A. That is right.

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Q. You knew Mr. Sheppard? A. Yes.

Q. How long have you known Mr. Sheppard? A. Well, at least since the late 40's, and probably before that.

Q. Now, my question is, with respect to this paragraph 2, whether a list of additional optional term machines previously offered on a lease basis only was ever agreed upon by the committee for submission to United Shoe Machinery Corporation? A. I do not recall that there was ever such an agreed list.

Q. Was the selection of such a list a subject of discussion on the committee of which you were a member? A. Yes, certainly it was, and at the time that the submission was made, and prior to that, and since that.

Q. When you say submission was made, what order are you referring to? A. I referred to this document, the submission of the six points there.

Q. To United Shoe, you mean? A. To United Shoe.

Q. Now, I would like you to tell the Court, if you would, what the discussion was on the technical committee at said time so far as concerns the reasons for the failure to select a list of machines for purchase? A. Well, this was a developing program——

Mr. Hayes: May we have the time and place of this conversation fixed, please?

Q. Yes, can you at Mr. Hayes' request tell us where the discussions on this subject occurred and when they occurred? A. They occurred during the year '50 and at various places such as New York City, such as Boston, and such as Chicago, these during a meeting of the committee, and during meetings—or a meeting of the industry group in Chicago.

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Q. Now, confining ourselves to the committee, will you tell us what the discussions were so far as concerned the selection of a list of lease only machines which United Shoe was to be requested to sell? A. Well, this was a developing program and at the time the program was discussed it was suggested that the number of machines available for purchase was small and that such a list of machines could be enlarged with advantage to the industry and in order to start the program going it was—this recommendation was given that the machines offered on a lease basis, a lease basis or purchase basis be increased, and the discussion at that time was not specific as to just what machines for reasons that the committee nor others in the industry represented by the committee had made a judgment as to what machines they would want on this optional basis or purchase.

Q. Well, now, were there different views expressed in the committee as to whether or not additional machines should be put on sale? A. There was discussion of whether additional machines should be offered for sale and there was agreement that additional machines offered for sale would be desirable, but there was not specific discussion of just what machines. The discussion was more toward the basic progress of getting more optional lease and purchase machines for the reason that different companies in the industry might have different views as to just what was wanted.

Q. Now, just tell us what was said on that subject on behalf of different companies as to what was wanted. A. This would tax a memory greater than I can supply to pick out the specific companies. In a general way the feeling was that the industry would like to have more machines,

there were some companies in the industry whose capital might be limited, that had less interest in getting machines for purchase than others who had greater capital resource, smaller companies, for example, might say we're satisfied with the present arrangement in a general way as far as purchasing or leasing machines are concerned, where larger companies might or possibly did want to have the opportunity of buying machines and thereby gaining something in use of the machine at a fixed cost rather than at a per pair cost.

Q. Are you now telling us what was said in the committee discussions? A. This was the type of discussion.

Q. Can you identify either from the list on the first page of Exhibit P-24 or from memory which members of the committee expressed the views that you spoke of as the views of the larger companies and which expressed the views that you spoke of as the views of the smaller companies? A. Well, on this list there are a number representing small to medium-sized companies such as myself—in reading down the list, Mr. Cadwell of Freeman Shoe, a medium company, not one of the largest, Mr. Reardon of Daniel Green Shoe, a smaller company, not one of the largest, Mr. Sheppard, who is here in this case, Mr. Slossberg, representing a medium to smaller company, and Mr. Wier Stewart, representing probably the smallest of the group.

My recollection is of Mr. Stephenson at that time commenting about the importance of the technical committee's representing the industry as a whole and the importance of the technical committee's recommendations being such that the industry as a whole would support the recommendations of the technical committee rather than for the technical committee as such to have its own views so that I believe that

Mr. Stephenson is the individual or was the individual who suggested that the recommendations of the technical committee should be so thoughtfully made that they would have the approval of the industry as a whole, including the smaller manufacturers about whom he commented there would be a question of the desirability of how many machines or how broad they would wish to have the choice of lease or purchase at the option of the individual company.

Q. Was ever any recommendation made by the committee as to a specific list of machines that they would request be put on optional purchase or sale basis? A. I do not believe there was such a lease [*sic*: list] made.

Q. Did the committee ever get to a discussion—this may be a superfluous question, but we will ask it—a discussion of specific prices to be requested of United Shoe with respect to any machine type? A. No, only to indicate that we thought the prices were high.

Q. I mean you are referring now to the lease terms? A. Well, either one.

Q. How about the sale prices for lease only machines, if they are to be put on optional sale; was there any price figure ever agreed upon by the committee as to any machine type that they would request not [*sic*: now] be put on sale? A. There were no prices that I could recall suggested to United but after United had set prices, of course they always looked higher than we hoped they might.

Q. You are referring to the 1955 prices? A. Right.